

1 Amend sections 19816, 19816.1, 19828.1, 19830, 19837, and 19854, and add sections 19828.2,  
2 19829.5, 19830.1, 19837.1, 19838 and 19846 to read:

3 **TITLE 5. Education**

4 **Division 1.5. Education Audit Appeals Panel**

5 **Chapter 3. Audits of California K-12 Local Education Agencies**

6 **Article 2. Audit Reports**

7 **§ 19816. Definitions.**

8 The content of the audit report sections and subsections specified in Section 19815 is as  
9 described in the *Codification of Statements on Auditing Standards*, published by the American  
10 Institute of Certified Public Accountants, the *Codification of Governmental Accounting and*  
11 *Financial Reporting Standards*, published by the Governmental Accounting Standards Board  
12 (GASB), or *Government Auditing Standards* published by the Comptroller General of the  
13 United States, in the respective editions applicable to the fiscal year being audited, or as  
14 defined in one of the following:

15 (a) “*Government Auditing Standards*” means the publication by the Comptroller General of  
16 the United States, United States General Accounting Office, originally issued in 1972 and  
17 revised from time to time, commonly known as the “Yellow Book,” that contains standards for  
18 audits of government organizations, programs, activities, and functions and that is referenced  
19 in Education Code sections 14501, 14503, and 41020(b)(4).

20 (b) “Local Education Agency Organization Structure” means a description in the  
21 Supplementary Information section that sets forth the following information, at a minimum:

22 (1) The date on which the local education agency was established, and for charter schools  
23 the date and granting authority of each charter;

24 (2) The date and a general description of any change during the year audited in a school

1 district's boundaries;

2 (3) The numbers by type of schools in the local education agency;

3 (4) The names, titles, terms, and term expiration dates of all members of the governing  
4 board;

5 (5) The names, with their titles, of the superintendent, chief business official, and  
6 deputy/associate/assistant superintendents.

7 (c) "OMB Circular A-133" means the publication, produced by the federal Office of  
8 Management and Budget and titled *Audits of States, Local Governments, and Non-Profit*  
9 *Organizations*, that sets forth standards for attaining consistency and uniformity in the audits of  
10 governments and organizations expending federal awards.

11 (d) "Reconciliation of Annual Financial and Budget Report with Audited Financial  
12 Statements" means a schedule that displays the differences between the ending fund balance(s)  
13 from the audited financial statements and the unaudited ending fund balance(s) from the annual  
14 financial and budget report for each fund in which a variance occurred.

15 (e) "Report on Internal Control Over Financial Reporting and on Compliance and Other  
16 Matters Based on an Audit of Financial Statements Performed in Accordance with *Government*  
17 *Auditing Standards*" means the component of the Other Independent Auditor's Reports that  
18 specifies material instances of noncompliance, if any; defines reportable conditions and  
19 specifies the reportable conditions disclosed as a result of the audit; defines material  
20 weaknesses and specifies the material weaknesses, if any, that were disclosed by the audit;  
21 includes a statement that no material weaknesses were found, if that is the case; includes a  
22 statement that nonmaterial noncompliance and nonreportable conditions involving the internal  
23 control structure and its operation were communicated to management in a separate  
24 management letter, if that is the case; specifies all instances of fraud and illegal acts, if any,

1 that were disclosed by the audit, unless clearly inconsequential; and specifies material abuse, if  
2 any, that was disclosed by the audit.

3 (f) "Report on State Compliance" means the component of the Other Independent  
4 Auditor's Reports that specifically and separately addresses each of the state compliance  
5 requirements included in this audit guide that are applicable to the year audited, stating  
6 whether or not the district is in compliance with those requirements; includes a chart that  
7 displays the number of audit procedures for each compliance requirement applicable to the  
8 year audited and states that the audit procedures included in the audit guide for each  
9 requirement were followed in the making of the audit, if that is the case, or, if not, what other  
10 procedures were followed; and includes an expression of positive assurance with respect to  
11 compliance with applicable laws and regulations for those items tested in accordance with  
12 those regulations, and negative assurance for untested items.

13 (1) The numbers of audit procedures for the compliance requirements included in this audit  
14 guide for audits of fiscal year 2003-04 are

15 Attendance Reporting, 6;

16 Kindergarten Continuance, 3;

17 Independent Study, 22;

18 Continuation Education, 10;

19 Adult Education, 9;

20 Regional Occupational Centers and Programs, 6;

21 Instructional Time and Staff Development Reform Program, 7;

22 Instructional Time for school districts, 4; for county offices of education, 3;

23 Community Day Schools, 9;

24 Instructional Materials general requirements, 9; K-8 only, 1; grades 9-12 only, 1;

1 Ratios of Administrative Employees to Teachers, 1;  
2 Early Retirement Incentive, 4;  
3 Gann Limit Calculation, 1;  
4 Class Size Reduction (including in charter schools): general requirements, 7; Option One,  
5 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.  
6 (2) The numbers of audit procedures for the compliance requirements included in this audit  
7 guide for audits of fiscal year 2004-05 are  
8 Attendance Reporting, 8;  
9 Kindergarten Continuance, 3;  
10 Independent Study, 22;  
11 Continuation Education, 10;  
12 Adult Education, 9;  
13 Regional Occupational Centers and Programs, 6;  
14 Instructional Time and Staff Development Reform Program, 7;  
15 Instructional Time for school districts, 4; for county offices of education, 3;  
16 Community Day Schools, 9;  
17 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;  
18 Ratios of Administrative Employees to Teachers, 1;  
19 Early Retirement Incentive, 4;  
20 Gann Limit Calculation, 1;  
21 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;  
22 Alternative Pension Plans, 2;  
23 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;  
24 State Lottery Funds (California State Lottery Act of 1984), 2;

1 California School Age Families Education (Cal-SAFE) Program, 3;  
2 School Accountability Report Card, 3;  
3 Class Size Reduction (including in charter schools): general requirements, 7; Option One,  
4 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.  
5 (3) The numbers of audit procedures for the compliance requirements included in this audit  
6 guide for audits of fiscal year 2005-06 are  
7 Attendance Reporting, 8;  
8 Kindergarten Continuance, 3;  
9 Independent Study, 22;  
10 Continuation Education, 10;  
11 Adult Education, 9;  
12 Regional Occupational Centers and Programs, 6;  
13 Instructional Time for school districts, 4; for county offices of education, 3;  
14 Community Day Schools, 9;  
15 Morgan-Hart Class Size Reduction Program, 7;  
16 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;  
17 Ratios of Administrative Employees to Teachers, 1;  
18 Early Retirement Incentive, 4;  
19 Gann Limit Calculation, 1;  
20 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;  
21 Alternative Pension Plans, 2;  
22 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;  
23 State Lottery Funds (California State Lottery Act of 1984), 2;  
24 California School Age Families Education (Cal-SAFE) Program, 3;

1 School Accountability Report Card, 3;  
2 Class Size Reduction (including in charter schools): general requirements, 7; Option One,  
3 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;  
4 Contemporaneous Records of Attendance, for charter schools, 1;  
5 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;  
6 Additional Nonclassroom-Based Instruction, for charter schools, 1;  
7 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;  
8 Annual Instructional Minutes – Classroom Based, for charter schools, 3.  
9 (4) The numbers of audit procedures for the compliance requirements included in this audit  
10 guide for audits of fiscal year 2006-07 are  
11 Attendance Reporting, 8;  
12 Kindergarten Continuance, 3;  
13 Independent Study, 23;  
14 Continuation Education, 10;  
15 Adult Education, 9;  
16 Regional Occupational Centers and Programs, 6;  
17 Instructional Time for school districts, 6; for county offices of education, 3;  
18 Community Day Schools, 9;  
19 Morgan-Hart Class Size Reduction Program, 7;  
20 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;  
21 Ratios of Administrative Employees to Teachers, 1;  
22 Early Retirement Incentive, 4;  
23 Gann Limit Calculation, 1;  
24 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

1       Alternative Pension Plans, 2;  
2       Excess Sick Leave, 2 or 3;  
3       Notice of Right To Elect California State Teachers Retirement System (CalSTRS)  
4       Membership, 1;  
5       Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;  
6       State Lottery Funds (California State Lottery Act of 1984), 2;  
7       California School Age Families Education (Cal-SAFE) Program, 3;  
8       School Accountability Report Card, 3;  
9       Class Size Reduction (including in charter schools): general requirements, 7; Option One,  
10      3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;  
11      Contemporaneous Records of Attendance, for charter schools, 1;  
12      Mode of Instruction, for charter schools, 1;  
13      Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;  
14      Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;  
15      Annual Instructional Minutes – Classroom Based, for charter schools, 3;  
16      (5) The numbers of audit procedures for the compliance requirements included in this audit  
17      guide for audits of fiscal year 2007-08 are  
18      Attendance Reporting, 8;  
19      Kindergarten Continuance, 3;  
20      Independent Study, 23;  
21      Continuation Education, 10;  
22      Adult Education, 9;  
23      Regional Occupational Centers and Programs, 6;  
24      Instructional Time for school districts, 6; for county offices of education, 3;

1 Community Day Schools, 9;  
2 Morgan-Hart Class Size Reduction Program, 7;  
3 Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;  
4 Ratios of Administrative Employees to Teachers, 1;  
5 Classroom Teacher Salaries, 1;  
6 Early Retirement Incentive, 4;  
7 Gann Limit Calculation, 1;  
8 School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;  
9 Excess Sick Leave, 2 or 3;  
10 Notice of Right To Elect California State Teachers Retirement System (CalSTRS)  
11 Membership, 1;  
12 Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;  
13 State Lottery Funds (California State Lottery Act of 1984), 2;  
14 California School Age Families Education (Cal-SAFE) Program, 3;  
15 School Accountability Report Card, 3;  
16 Mathematics and Reading Professional Development, 4;  
17 Class Size Reduction (including in charter schools): general requirements, 7; Option One,  
18 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;  
19 After School Education and Safety Program: general requirements, 4; after school, 4;  
20 before school, 5;  
21 Contemporaneous Records of Attendance, for charter schools, 1;  
22 Mode of Instruction, for charter schools, 1;  
23 Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;  
24 Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;



1 Annual Instructional Minutes – Classroom Based, for charter schools, 3.

2 (g) “Report on Compliance With Requirements Applicable to Each Major Program and  
3 Internal Control Over Compliance in Accordance With OMB Circular A-133” means the  
4 component of the Other Independent Auditor’s Reports that states whether the auditee has  
5 complied with federal laws, regulations, and the provisions of federal contracts or grant  
6 agreements and has established and maintained effective internal control over compliance with  
7 the requirements for major federal programs.

8 (h) “Schedule of Average Daily Attendance” means the schedule in the Supplementary  
9 Information section that displays Average Daily Attendance data for both the Second Period  
10 and Annual reports, by grade level and program as appropriate, and, for charter schools,  
11 includes total Average Daily Attendance and Average Daily Attendance generated through  
12 classroom-based instruction.

13 (i) “Schedule of Charter Schools” means the schedule in the Supplementary Information  
14 section that lists all charter schools chartered by the school district or county office of  
15 education, and displays information for each charter school on whether or not the charter  
16 school is included in the school district or county office of education audit.

17 (j) “Schedule of Financial Trends and Analysis” means, for fiscal year 2003-04, the  
18 schedule in the Supplementary Information section that displays information regarding the  
19 auditee’s financial position and going concern status, in the form of actual financial and  
20 attendance figures for at least the most recent three-year period (ending with the audit year),  
21 plus the current year’s budget, for the following items: General Fund financial activity,  
22 including total revenue, expenditures, and other sources and uses; General Fund balance;  
23 available reserve balances (funds designated for economic uncertainty, and any other  
24 remaining undesignated fund balance) within the General Fund, Special Reserve Fund, and any

1 Article XIII-B Trust Funds; available reserve balances expressed as a percentage of total  
2 General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the  
3 applicable state-recommended available reserve percentage; total long-term debt; and  
4 elementary and secondary Second Principal Average Daily Attendance, excluding Regional  
5 Occupational Centers and Programs and Adult Average Daily Attendance; and, when the  
6 auditee's percentage of available reserves to total General Fund outgo is below the state-  
7 recommended percentage, management's plans for increasing the auditee's available reserve  
8 percentage.

9 (k) "Schedule of Financial Trends and Analysis" means, for fiscal year 2004-05 and each  
10 fiscal year thereafter, the schedule in the Supplementary Information section that displays  
11 information regarding the auditee's financial position and going concern status, in the form of  
12 actual financial and attendance figures for at least the most recent three-year period (ending  
13 with the audit year), plus the current year's budget, for the following items: General Fund  
14 financial activity, including total revenue, expenditures, and other sources and uses; General  
15 Fund balance; available reserve balances (funds designated for economic uncertainty, and any  
16 other remaining undesignated fund balance) within the General Fund or Special Reserve Fund;  
17 available reserve balances expressed as a percentage of total General Fund outgo  
18 (expenditures, transfers out, and other uses), including a comparison to the applicable state-  
19 recommended available reserve percentage; total long-term debt; and elementary and  
20 secondary Second Principal Average Daily Attendance, excluding Regional Occupational  
21 Centers and Programs and Adult Average Daily Attendance; and, when the auditee's  
22 percentage of available reserves to total General Fund outgo is below the state-recommended  
23 percentage, management's plans for increasing the auditee's available reserve percentage.

24 (l) "Schedule of Findings and Questioned Costs" means that part of the Findings and

1 Recommendations section that presents all audit year findings, and a copy of each management  
2 letter issued, if any, with each finding assigned the appropriate code from among the  
3 following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000  
4 State Compliance, 41000 CalSTRS, 50000 Federal Compliance, 60000 Miscellaneous, 61000  
5 Classroom Teacher Salaries, 70000 Instructional Materials, 71000 Teacher Misassignments,  
6 72000 School Accountability Report Card, and includes the following elements:

7 (1) criteria

8 (2) condition

9 (3) effect

10 (4) cause

11 (5) a statement of the number of units of Average Daily Attendance, if any, that were  
12 inappropriately reported for apportionment; and a statement consistent with its basis of  
13 funding, for any other inappropriately reported claim—such as number of staff development  
14 days, or number of pupils for Class Size Reduction, or amount in dollars for Instructional  
15 Materials, and so forth

16 (6) a recommendation for the resolution of the finding

17 (7) a corrective action plan prepared by the auditee that describes in specific terms the  
18 actions planned or taken to correct the problem, or a statement from the auditee that the  
19 corrective action recommended by the auditor is not necessary or appropriate and giving the  
20 specific reasons why, if that is the case, and a statement that the corrective action plan was not  
21 available if no corrective action plan was submitted before the audit report was prepared.

22 (m) “Schedule of Instructional Time” means a schedule in the Supplementary Information  
23 section that displays, for school districts, including basic aid districts, and county offices of  
24 education, data that show whether the auditee complied with the provisions of Article 8

(commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; and for charter schools, data that show whether the auditee complied with the provisions of subdivision (a)(1) of Education Code Section 47612.5.

(n) “Schedule of Prior Audit Findings” means that part of the Findings and Recommendations section that presents the status of actions taken by the auditee on each of the findings and recommendations reported in the prior year audit, and includes as current year findings and recommendations those prior year findings that have not been resolved.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

**§ 19816.1. Applicability of Audit Procedures by Audit Year.**

(a) Of the compliance requirements set forth in Article 3:

(1) Sections 19817 through 19825, and 19828 through 19831 are applicable to fiscal year 2003-04 audits;

(2) Sections 19817.1 through 19825, and 19828.1 through 19837 are applicable to fiscal year 2004-05 audits.

(3) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2005-06 audits.

(4) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2006-07 audits.

(5) Sections 19817.1 through 19822, 19824, 19825, 19827, 19828.2 through 19832, and 19834 through 19838 are applicable to fiscal year 2007-08 audits.

(b) Of the compliance requirements set forth in Article 3.1,

(1) Section 19845 is applicable to fiscal year 2003-04 audits;

(2) Section 19845.1 is applicable to fiscal year 2004-05 audits;

(3) Section 19845.1 is applicable to fiscal year 2005-06 audits;

(4) Section 19845.1 is applicable to fiscal year 2006-07 audits;

(5) Sections 19845.1 and 19846 are applicable to fiscal year 2007-08 audits.

(c) Of the compliance requirements set forth in Article 4,

(1) Sections 19850 through 19854 are applicable to fiscal year 2005-06 audits.

(2) Sections 19850 through 19854 are applicable to fiscal year 2006-07 audits.

(3) Sections 19850 through 19854 are applicable to fiscal year 2007-08 audits.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

### **Article 3. State Compliance Procedures: Local Education Agencies**

#### **Other Than Charter Schools**

##### **§ 19828.1. Instructional Materials.**

For fiscal years 2004-05 through 2006-07, perform the following procedures:

(a) Determine whether the year audited is one for which the governing boards of school districts or county boards of education that receive funds for instructional materials from any state source are subject to the provisions of Education Code Section 60119, as set forth in subdivision (d) of that section.

(b) If the year audited is one in which the school district or county office of education was required to conduct a hearing as provided in Education Code Section 60119, perform the following audit procedures.

(1) For fiscal year 2005-06 and each fiscal year thereafter, determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by the provisions of Education Code Section 60119 on or before

1 the end of the eighth week from the first day pupils attended school for that year, or, in a  
2 school district or county office of education having schools that operate on a multitrack, year-  
3 round calendar, on or before the end of the eighth week from the first day pupils attended  
4 school for that year on any track that began in August or September.

5 (2) Determine whether the school district governing board or county board of education  
6 provided 10-day notice of the required public hearing or hearings.

7 (3) Determine whether each notice included the time, place, and purpose of the hearing and  
8 whether the school district or county office of education posted the notice at a minimum of  
9 three public locations in the school district or county, respectively.

10 (4) Determine whether the hearing was held at a time that encouraged the attendance of  
11 teachers and parents and guardians of pupils who attend the schools in the district and did not  
12 take place during or immediately following school hours.

13 (5) Determine whether the resolution stated that each pupil in each school had sufficient  
14 textbooks or instructional materials aligned to the content standards adopted by the State Board  
15 of Education pursuant to Education Code Section 60605 and consistent with the content and  
16 cycles of the curriculum framework adopted by the State Board of Education, or instead that  
17 there was an insufficiency of such textbooks or instructional materials, or both, in any one or  
18 more of mathematics, science, history-social science, and English/language arts including the  
19 English language development component of an adopted program, as appropriate. If the  
20 resolution stated any insufficiency, verify that the school district governing board or county  
21 board of education provided information to classroom teachers and to the public setting forth,  
22 for each school in which an insufficiency existed, the percentage of pupils who lacked  
23 sufficient standards-aligned textbooks or instructional materials in each subject area and the  
24 reasons that each pupil did not have sufficient standards-aligned textbooks or instructional

1 materials, or both, and took action to ensure that each pupil would have sufficient textbooks or  
2 instructional materials, or both, within two months of the beginning of the school year in which  
3 the determination was made.

4 (6) Verify whether the governing board made a written determination as to whether each  
5 pupil enrolled in a foreign language or health course had sufficient textbooks or instructional  
6 materials that were consistent with the content and cycles of the curriculum frameworks  
7 adopted by the State Board of Education for those subjects.

8 (7) Verify whether the governing board determined the availability of laboratory science  
9 equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

10 (c) If the school district or county office of education was not in compliance with any of  
11 the requirements set forth in procedures 1 through 5 of subdivision (b) of this section, the  
12 school district or county office of education was not eligible to receive an Instructional  
13 Materials Funding Realignment Program allowance for the fiscal year audited. Include a  
14 finding in the Findings and Recommendations section of the audit report showing the full  
15 amount of Instructional Materials Funding Realignment Program allowance received as  
16 disallowed.

17 (d) If the school district or county office of education was not in compliance with any of  
18 the requirements set forth in procedures 6 or 7 of subparagraph (b) of this section, report the  
19 noncompliance in a finding in the Findings and Recommendations section of the audit report.

20 (e) Instructional Materials Funding Realignment Program:

21 (1) Determine the amount of the Instructional Materials Funding Realignment Program  
22 allowance received by the local education agency.

23 (2) Verify that the allowance received was accounted for separately.

24 (3) For kindergarten and grades 1 through 8, review the local education agency's list of

1 instructional materials purchased and select a sample to verify that the materials were adopted  
2 by the State Board of Education in March 1999 or later, are in one of the four eligible subject  
3 areas, and bear the copyright date and are of editions of the materials adopted by the State  
4 Board of Education.

5 (4) For grades 9 through 12, review the local education agency's list of instructional  
6 materials purchased and select a sample to verify that the materials were reviewed and  
7 approved through a resolution adopted by the local education agency's governing board as  
8 being aligned with State Board of Education-adopted content standards.

9 (5) Determine whether the governing board certified, as set forth in Education Code  
10 Section 60422, that each pupil had been provided with a standards-aligned textbook or basic  
11 instructional materials.

12 (6) If the governing board did certify as set forth in Education Code Section 60422, review  
13 the Instructional Materials Funding Realignment Program expenditures initiated after the  
14 certification was made and select a sample to verify that the textbooks or materials were from  
15 the following categories:

16 (A) Purchase of instructional materials adopted by the State Board of Education pursuant to  
17 the provisions of Education Code Section 60200 for kindergarten and grades 1 through 8, or by  
18 the governing board pursuant to the provisions of Education Code Section 60400 for grades 9  
19 through 12.

20 (B) Purchase, at the local education agency's discretion, of instructional materials,  
21 including, but not limited to, supplementary instructional materials and technology-based  
22 materials from any source.

23 (C) Purchase of tests.

24 (D) Binding of textbooks that were otherwise usable and were on the most recent list of



1 basic instructional materials adopted by the State Board of Education and made available  
2 pursuant to the provisions of Education Code Section 60200.

3 (E) Funding of in-service training related to instructional materials.

4 (F) Purchase of classroom library materials for kindergarten and grades 1 through 4, if the  
5 local education agency had a plan as specified in Education Code Section 60242(d).

6 (f) If any of the instructional materials funds are found to have been expended  
7 inappropriately, include the amount inappropriately spent in a finding in the Findings and  
8 Recommendations section of the audit report.

9 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,  
10 14502.1, 14503 and 41020, Education Code.

11 **§ 19828.2. Instructional Materials.**

12 For fiscal year 2007-08 and each fiscal year thereafter, perform the following procedures:

13 (a) Determine whether the year audited is one for which the governing boards of school  
14 districts or county boards of education that receive funds for instructional materials from any  
15 state source are subject to the provisions of Education Code Section 60119, as set forth in  
16 subdivision (d) of that section.

17 (b) If the year audited is one in which the school district or county office of education was  
18 required to conduct a hearing as provided in Education Code Section 60119, perform the  
19 following audit procedures.

20 (1) For fiscal year 2005-06 and each fiscal year thereafter, determine whether the school  
21 district governing board or county board of education, prior to making a determination through  
22 a resolution as to the sufficiency of textbooks or other instructional materials, held the public  
23 hearing or hearings required by the provisions of Education Code Section 60119 on or before  
24 the end of the eighth week from the first day pupils attended school for that year, or, in a

1 school district or county office of education having schools that operate on a multitrack, year-  
2 round calendar, on or before the end of the eighth week from the first day pupils attended  
3 school for that year on any track that began in August or September.

4 (2) Determine whether the school district governing board or county board of education  
5 provided 10-day notice of the required public hearing or hearings.

6 (3) Determine whether each notice included the time, place, and purpose of the hearing and  
7 whether the school district or county office of education posted the notice at a minimum of  
8 three public locations in the school district or county, respectively.

9 (4) Determine whether the hearing was held at a time that encouraged the attendance of  
10 teachers and parents and guardians of pupils who attend the schools in the district and did not  
11 take place during or immediately following school hours.

12 (5) Determine whether the resolution stated that each pupil in each school had sufficient  
13 textbooks or instructional materials aligned to the content standards adopted by the State Board  
14 of Education pursuant to Education Code Section 60605 and consistent with the content and  
15 cycles of the curriculum framework adopted by the State Board of Education, or instead that  
16 there was an insufficiency of such textbooks or instructional materials, or both, in any one or  
17 more of mathematics, science, history-social science, and English/language arts including the  
18 English language development component of an adopted program, as appropriate. If the  
19 resolution stated any insufficiency, verify that the school district governing board or county  
20 board of education provided information to classroom teachers and to the public, setting forth,  
21 in the resolution, for each school in which an insufficiency existed, the percentage of pupils  
22 who lacked sufficient standards-aligned textbooks or instructional materials in each subject  
23 area and the reasons that each pupil did not have sufficient standards-aligned textbooks or  
24 instructional materials, or both, and took action to ensure that each pupil would have sufficient

1 textbooks or instructional materials, or both, within two months of the beginning of the school  
2 year in which the determination was made.

3 (6) Verify whether the governing board made a written determination as to whether each  
4 pupil enrolled in a foreign language or health course had sufficient textbooks or instructional  
5 materials that were consistent with the content and cycles of the curriculum frameworks  
6 adopted by the State Board of Education for those subjects.

7 (7) Verify whether the governing board determined the availability of laboratory science  
8 equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

9 (c) If the school district or county office of education was not in compliance with any of  
10 the requirements set forth in procedures 1 through 5 of subdivision (b) of this section, the  
11 school district or county office of education was not eligible to receive an Instructional  
12 Materials Funding Realignment Program allowance for the fiscal year audited. Include a  
13 finding in the Findings and Recommendations section of the audit report showing the full  
14 amount of Instructional Materials Funding Realignment Program allowance received as  
15 disallowed.

16 (d) If the school district or county office of education was not in compliance with any of  
17 the requirements set forth in procedures 6 or 7 of subparagraph (b) of this section, report the  
18 noncompliance in a finding in the Findings and Recommendations section of the audit report.

19 (e) Instructional Materials Funding Realignment Program:

20 (1) Determine the amount of the Instructional Materials Funding Realignment Program  
21 allowance received by the local education agency.

22 (2) Verify that the allowance received was accounted for separately.

23 (3) For kindergarten and grades 1 through 8, review the local education agency's list of  
24 instructional materials purchased and select a sample to verify that the materials were adopted

1 by the State Board of Education in March 1999 or later, are in one of the four eligible subject  
2 areas, and bear the copyright date and are of editions of the materials adopted by the State  
3 Board of Education.

4 (4) For grades 9 through 12, review the local education agency's list of instructional  
5 materials purchased and select a sample to verify that the materials were reviewed and  
6 approved through a resolution adopted by the local education agency's governing board as  
7 being aligned with State Board of Education-adopted content standards.

8 (5) Determine whether the governing board certified, as set forth in Education Code  
9 Section 60422, that each pupil had been provided with a standards-aligned textbook or basic  
10 instructional materials.

11 (6) If the governing board did certify as set forth in Education Code Section 60422, review  
12 the Instructional Materials Funding Realignment Program expenditures initiated after the  
13 certification was made and select a sample to verify that the textbooks or materials were from  
14 the following categories:

15 (A) Purchase of instructional materials adopted by the State Board of Education pursuant to  
16 the provisions of Education Code Section 60200 for kindergarten and grades 1 through 8, or by  
17 the governing board pursuant to the provisions of Education Code Section 60400 for grades 9  
18 through 12.

19 (B) Purchase, at the local education agency's discretion, of instructional materials,  
20 including, but not limited to, supplementary instructional materials and technology-based  
21 materials from any source.

22 (C) Purchase of tests.

(D) Binding of textbooks that were otherwise usable and were on the most recent list of basic instructional materials adopted by the State Board of Education and made available pursuant to the provisions of Education Code Section 60200.

(E) Funding of in-service training related to instructional materials.

(F) Purchase of classroom library materials for kindergarten and grades 1 through 4, if the local education agency had a plan as specified in Education Code Section 60242(d).

(f) If any of the instructional materials funds are found to have been expended inappropriately, include the amount inappropriately spent in a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

**§ 19829.5. Classroom Teacher Salaries.**

(a) If, during the year preceding the year audited, the district had 101 units or more of Average Daily Attendance, and, during the year audited, the district was subject to the provisions of Education Code Section 41372 pursuant to the provisions of Education Code Section 41374, determine whether, after applicable audit adjustments, the district met the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in Education Code Section 41372.

(b) If the district did not meet the applicable minimum percentage required for payment of salaries of classroom teachers, include a statement in the Findings and Recommendations section of the audit report indicating the minimum percentage required, the district's current expense of education for the year audited after applicable audit adjustments, and the dollar amount by which the district was deficient.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,

1 14503, 41020 and 41372, Education Code.

2 **§ 19830. Early Retirement Incentive.**

3 For fiscal years 2003-04 and 2004-05, perform the following procedures:

4 (a) Obtain a copy of the certification required by Education Code sections 22714, 22714.5,  
5 and 44929 and verify that the school district received approval from the county office of  
6 education or that the county office of education received approval from the Superintendent of  
7 Public Instruction as appropriate.

8 (b) Verify that the reason(s) contained in the certification are consistent with the results of  
9 the early retirement incentive program.

10 (c) Verify the data disclosed as a result of the district's or county office's adoption of the  
11 early retirement incentive program.

12 (d) Include a disclosure in the Notes to the Basic Financial Statements that presents the  
13 number and type of positions vacated; the age, service credit, salary, and, separately, the  
14 benefits of the retirees receiving additional service credit; a comparison of the salary and  
15 benefits of each retiree with the salary and benefits of the replacement employee, if any; the  
16 resulting retirement cost, including interest, if any, and postretirement health benefit costs,  
17 incurred by the employer.

18 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,  
19 14503 and 41020, Education Code.

20 **§ 19830.1. Early Retirement Incentive.**

21 For fiscal year 2005-06 and each fiscal year thereafter, perform the following procedures:

22 (a) Obtain a copy of the certification required by Education Code sections 22714 and  
23 44929 and verify that the school district received approval from the county office of education

1 or that the county office of education received approval from the Superintendent of Public  
2 Instruction as appropriate.

3 (b) Verify that the reason(s) contained in the certification are consistent with the results of  
4 the early retirement incentive program.

5 (c) Verify the data disclosed as a result of the district's or county office's adoption of the  
6 early retirement incentive program.

7 (d) Include a disclosure in the Notes to the Basic Financial Statements that presents the  
8 number and type of positions vacated; the age, service credit, salary, and, separately, the  
9 benefits of the retirees receiving additional service credit; a comparison of the salary and  
10 benefits of each retiree with the salary and benefits of the replacement employee, if any; the  
11 resulting retirement cost, including interest, if any, and postretirement health benefit costs,  
12 incurred by the employer.

13 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503  
14 and 41020, Education Code.

15 **§ 19837. School Accountability Report Card.**

16 For fiscal years 2004-05 through 2006-07, perform the following procedures:

17 (a) Obtain copies of the quarterly report of summarized complaint data compiled pursuant  
18 to the provisions of subdivision (d) of Education Code Section 35186. Identify any complaints  
19 related to teacher misassignment or vacancies included in the summarized data and compare  
20 each such complaint to the information on teacher misassignment or vacancies stated in the  
21 School Accountability Report Card for the school identified in the complaint, as required by  
22 the provisions of subdivision (b)(5) of Education Code Section 33126. If the information in  
23 the School Accountability Report Card is inconsistent with the information in the complaint,  
24 interview management to determine the basis of the inconsistency. If the School

1 Accountability Report Card was inaccurate, include a finding in the Findings and  
2 Recommendations section of the audit report.

3 (b) For each school in the sample of schools selected pursuant to Section 19817.1(b),  
4 obtain the school district's or county office of education's completed copy of the interim  
5 evaluation instrument developed by the Office of Public School Construction pursuant to the  
6 provisions of subdivision (d) of Education Code Section 17002. If the interim evaluation  
7 instrument was completed prior to the publication of the school's School Accountability  
8 Report Card, compare the information contained in the instrument to the information on safety,  
9 cleanliness, and adequacy of school facilities contained in the School Accountability Report  
10 Card for that school as required by the provisions of subdivision (b)(9) of Education Code  
11 Section 33126. If the information in the School Accountability Report Card is inconsistent  
12 with the information in the interim evaluation instrument, interview management to determine  
13 the basis of the inconsistency. If the School Accountability Report Card was inaccurate,  
14 include a finding in the Findings and Recommendations section of the audit report.

15 (c) For each school in the sample of schools selected pursuant to Section 19817.1(b),  
16 compare the information on the availability of sufficient textbooks and other instructional  
17 materials included in the School Accountability Report Card pursuant to the provisions of  
18 subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution  
19 reviewed pursuant to Section 19828.1(b)(5) and the information in the determinations reviewed  
20 pursuant to Section 19828.1(b)(6) and Section 19828.1(b)(7). If the information in the School  
21 Accountability Report Card is inconsistent with the information in the resolution or the  
22 determinations, interview management to determine the basis of the inconsistency. If the  
23 School Accountability Report Card was inaccurate, include a finding in the Findings and  
24 Recommendations section of the audit report.



NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

**§ 19837.1. School Accountability Report Card.**

For fiscal year 2007-08 and each fiscal year thereafter, perform the following procedures:

(a) Obtain copies of the quarterly report of summarized complaint data compiled pursuant to the provisions of subdivision (d) of Education Code Section 35186. Identify any complaints related to teacher misassignment or vacancies included in the summarized data and compare each such complaint to the information on teacher misassignment or vacancies stated in the School Accountability Report Card for the school identified in the complaint, as required by the provisions of subdivision (b)(5) of Education Code Section 33126. If the information in the School Accountability Report Card is inconsistent with the information in the complaint, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

(b) For each school in the sample of schools selected pursuant to Section 19817.1(b), obtain the school district's or county office of education's copy of its most recently completed school facility conditions evaluation instrument developed by the Office of Public School Construction and approved by the State Allocation Board, or a local evaluation instrument that meets the same criteria, pursuant to the provisions of subdivision (d) of Education Code Section 17002. If the evaluation instrument was completed prior to the publication of the school's School Accountability Report Card, compare the information contained in the evaluation instrument to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card for that school as required by the provisions of subdivision (b)(9) of Education Code Section 33126. If the information in the

1 School Accountability Report Card is inconsistent with the information in the evaluation  
2 instrument, interview management to determine the basis of the inconsistency. If the School  
3 Accountability Report Card was inaccurate, include a finding in the Findings and  
4 Recommendations section of the audit report.

5 (c) For each school in the sample of schools selected pursuant to Section 19817.1(b),  
6 compare the information on the availability of sufficient textbooks and other instructional  
7 materials included in the School Accountability Report Card pursuant to the provisions of  
8 subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution  
9 reviewed pursuant to Section 19828.2(b)(5) and the information in the determinations reviewed  
10 pursuant to Section 19828.2(b)(6) and Section 19828.2(b)(7). If the information in the School  
11 Accountability Report Card is inconsistent with the information in the resolution or the  
12 determinations, interview management to determine the basis of the inconsistency. If the  
13 School Accountability Report Card was inaccurate, include a finding in the Findings and  
14 Recommendations section of the audit report.

15 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,  
16 14502.1, 14503 and 41020, Education Code.

17 **§ 19838. Mathematics and Reading Professional Development.**

18 If the school district or county office of education received Mathematics and Reading  
19 Professional Development funds, perform the following procedures:

20 (a)(1) If it is determined, pursuant to provisions of Section 19828.2(b)(5), that standards-  
21 aligned textbooks in mathematics or English language arts were not provided for each pupil,  
22 determine whether Mathematics and Reading Professional Development funding was claimed  
23 for any of the teachers of those pupils.

24 (2) For each teacher identified in the foregoing procedure, if any, determine the number of

1 that teacher's pupils who were not provided standards-aligned mathematics or English  
2 language arts textbooks and calculate the applicable penalty by multiplying that number of  
3 pupils by \$100. Include a statement in the Findings and Recommendations section of the audit  
4 report specifying the number of pupils and the penalty amount.

5 (b)(1) Verify that the number of teachers claimed on the request for reimbursement  
6 submitted to the California Department of Education did not exceed the number of teachers  
7 actually participating in the Mathematics and Reading Professional Development program.

8 (2) If it is determined, through the foregoing audit procedure that fewer teachers  
9 participated in the Mathematics and Reading Professional Development Program training than  
10 were claimed for reimbursement, include a statement in the Findings and Recommendations  
11 section of the audit report specifying the number of teachers inappropriately reported for  
12 funding and the amount of funding received for those teachers.

13 (c)(1) Verify that the training provider who conducted the first 40 hours of training was on  
14 the State Board of Education-approved list.

15 (2) If in-house training was provided during the year audited for any portion of the  
16 remaining 80 hours of follow-up instruction, verify that the local education agency's in-house  
17 professional development met the requirements specified in subdivision (a)(4) of Education  
18 Code Section 99237 by being focused primarily on the following:

19 (A) The mathematics or English language arts content standards adopted by the State  
20 Board of Education pursuant to Section 60605.

21 (B) The curriculum frameworks adopted by the State Board of Education for mathematics  
22 and English language arts.

23 (C) The use of instructional materials that will be used by pupils and are aligned to the  
24 mathematics or English language arts content standards adopted by the State Board of

1 Education pursuant to Section 60605.

2 (D) Instructional strategies designed to help all pupils gain mastery of the California  
3 academic content standards, with special emphasis on English language learners and pupils  
4 with exceptional needs.

5 (3) If it is determined through the foregoing audit procedures that the school district or  
6 county office of education used an unapproved contractor or that any in-house training was  
7 ineligible, or both, include a finding in the Findings and Recommendations section of the audit  
8 report stating the amount inappropriately spent.

9 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,  
10 14503, 41020 and 99237, Education Code.

### 11 **Article 3.1. State Compliance Procedures: School Districts and Charter Schools**

#### 12 **§ 19846. After School Education and Safety Program.**

13 If the local education agency received After School Education and Safety funds, perform  
14 the following procedures:

15 (a) If the local education agency operated an after school program component:

16 (1) Determine whether the local education agency established a policy regarding  
17 reasonable early daily release of pupils from the program.

18 (2) Select a quarter for which attendance was reported for the after school base grant, and  
19 select a representative sample of schools for each program type, as that term is used in the  
20 report, for which data was reported in that quarter. Determine whether the reported number of  
21 students served, as that term is used in the report, for each selected school is supported by  
22 written records that document pupil participation, by tracing the reported numbers through any  
23 documentation used to summarize the numbers of students served, to written data origination  
24 documentation.

1 (3) For each school selected pursuant to subparagraph (a)(2) of this section, determine  
2 whether the after school program commenced every day immediately upon the conclusion of  
3 the regular schoolday, operated a minimum of 15 hours per week, and operated until at least  
4 6:00 p.m. every regular schoolday, by reviewing, for example, local policies and procedures,  
5 program staffing schedules, sign in/out sheets, program brochures, and other relevant  
6 documentation.

7 (4) For each school selected pursuant to subparagraph (a)(2) of this section, determine  
8 whether elementary school pupils participated in the full day of the after school program on  
9 every day during which pupils participated, and determine whether pupils in middle or junior  
10 high schools attended the after school program a minimum of nine hours a week and three days  
11 a week, except as consistent with the established early release policy.

12 (5) If any noncompliance is found through the foregoing procedures, include a statement in  
13 the Findings and Recommendations section of the audit report, stating that the local education  
14 agency did not have a policy on reasonable early daily release from the after school program, if  
15 that is the case, and including discrepancies, if any, between the reported numbers of students  
16 served and the totals arising from the supporting documentation; failure to operate consistent  
17 with the days/hours requirements set forth in subdivision (a)(3), if any; and the portion of  
18 reported students served that resulted from attendance, inconsistent with the established early  
19 release policy, by elementary school pupils for less than the full day of the after school  
20 program, and from attendance by middle or junior high school pupils for less than nine hours a  
21 week or fewer than three days a week, if any.

22 (b) If the local education agency operated a before school program component:

23 (1) Determine whether the local education agency established a policy regarding  
24 reasonable late daily arrival of pupils to the program.

1 (2) Select a quarter for which attendance was reported for the before school base grant, and  
2 select a representative sample of schools for each program type, as that term is used in the  
3 report, for which data was reported in that quarter. Determine whether the reported number of  
4 students served, as that term is used in the report, for each selected school is supported by  
5 written records that document pupil participation, by tracing the reported numbers through any  
6 documentation used to summarize the numbers of students served, to written data origination  
7 documentation.

8 (3) For each school selected pursuant to subparagraph (b)(2) of this section,

9 (A) Determine whether the local education agency operated the before school program for  
10 not less than one and one-half hours per regular schoolday, by reviewing, for example, local  
11 policies and procedures, program staffing schedules, sign in/out sheets, program brochures,  
12 and other relevant documentation.

13 (B) Determine whether attendance by pupils for less than one-half of the daily program  
14 hours was included in the report of students served.

15 (4) For each school selected pursuant to subparagraph (b)(2) of this section, determine  
16 whether elementary school pupils participated in the full day of the before school program on  
17 every day during which pupils participated, and determine whether pupils in middle or junior  
18 high schools attended the before school program a minimum of six hours a week and three  
19 days a week, except as consistent with the late arrival policy.

20 (5) If any noncompliance is identified through the foregoing procedures, include a  
21 statement in the Findings and Recommendations section of the audit report, stating that the  
22 local education agency did not have a policy on reasonable late daily arrival of pupils to the  
23 before school program, if that is the case, and including discrepancies, if any, between the  
24 reported numbers of students served and the totals arising from the supporting documentation;

1 failure to operate for the required hours each schoolday as set forth in subparagraph (b)(3)(A)  
2 of this section, if any; and the portion of reported students served that resulted from attendance,  
3 inconsistent with the established late arrival policy, by elementary school pupils for less than  
4 the full day of the before school program, and by middle or junior high school pupils for less  
5 than six hours a week or fewer than three days a week, if any.

6 (c) General requirements:

7 (1) Verify that the local education agency contributed cash or in-kind local funds, equal to  
8 not less than one-third of the total state grant, which may have originated from the school  
9 district, other governmental agencies, community organizations, or the private sector.  
10 Facilities or space usage may fulfill not more than 25 percent of the required local contribution.

11 (2) Review program expenditures by performing the following procedures:

12 (A) Verify that expenditures of state funds for indirect costs were the lesser of the local  
13 education agency's indirect cost rate as approved by the California Department of Education  
14 for the year audited, or 5 percent of the state funding received.

15 (B) Verify that not more than 15 percent of the state funding was expended for  
16 administrative costs, including indirect costs charged to the program.

17 (C) Verify that not less than 85 percent of the state funding was allocated to schoolsites for  
18 direct services to pupils.

19 (3) If the local education agency did not meet the minimum cash or in-kind local  
20 contribution requirement, spent state program funding on excess indirect costs or on excess  
21 administrative costs, provided an insufficient allocation to schoolsites, or any combination of  
22 the foregoing, include a finding in the Findings and Recommendations section of the audit  
23 report stating, correspondingly, the amount of the local match requirement, the amount by  
24 which the local education agency failed to meet the match requirement, the excess amount of

1 the local match requirement fulfilled through facilities or space usage, the amount(s)  
2 inappropriately spent, and the amount of the insufficiency in schoolsite allocations.

3 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 8482.3,  
4 14502.1, 14503 and 41020, Education Code.

5 **Article 4. State Compliance Procedures: Charter Schools**

6 **§ 19854. Annual Instructional Minutes – Classroom Based.**

7 (a) Review the charter school’s attendance calendar and bell (class) schedules or other  
8 available comparable documentation. If the charter school has multiple sites, select a sample  
9 of school sites that is representative of the charter school’s grade spans (elementary, middle,  
10 and high schools).

11 (b) For each sampled site, compare the amount of instructional minutes offered for each  
12 grade level during the year being audited to the amount of instructional minutes required  
13 pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5 as set forth  
14 below:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

15 (c) Determine whether the charter school offered optional classes to satisfy instructional  
16 minutes requirements. If enrollment in optional classes was low, review the charter school’s  
17 documentation of class offerings to ensure that the charter school acted effectively to comply  
18 with the law. Practices that are not consistent with effectively offering instructional time may  
19 include, but are not limited to, offering only a small number of courses that in addition are  
20 appropriate only for limited numbers of pupils, and courses scheduled such that pupils may



1 take them only by giving up their lunch period.

2 (d) Prepare the “Schedule of Instructional Time” that must be presented in the  
3 Supplementary Information section of the audit report, showing by grade span the minimum  
4 instructional minutes requirements specified in subdivision (a)(3) of Education Code Section  
5 46201, the instructional minutes offered during the year being audited showing the sampled  
6 site with the lowest number of minutes offered at each grade span; and whether the charter  
7 school complied with the instructional minutes provisions.

8 (e) If the charter school did not offer the required number(s) of instructional minutes,  
9 prepare a separate schedule for each site, showing only the grade level(s) that were not in  
10 compliance, and calculate a proportional reduction in apportionment consistent with the  
11 provisions of subdivision (c) of Education Code Section 47612.5. Include both the schedule(s)  
12 and the calculated reduction in apportionment, in a finding in the Findings and  
13 Recommendations section of the audit report.

14 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,  
15 14503, 41020, 47612.5 and 47634.2, Education Code.

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